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IN THE UNITED STATES DISTRICT COURT
THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

United States Courts
Southern District of Texas
FILED

JUN 4 2007

Michael N. Milby, Clerk

THE UNITED STATES OF AMERICA, ex rel.)
ROBERT E. McCASLIN, JR.)
)
Plaintiffs,)
)
v.)
)
HARRIS COUNTY HOSPITAL DISTRICT,)
)
Defendant.)

H-03-4438
Judge Gray H. Miller

Jury

JOINT STIPULATION OF DISMISSAL WITH PREJUDICE

Pursuant to Fed. R. Civ. P. 41(a)(1) and the False Claims Act, 31 U.S.C. § 3730(b)(1), the United States of America ("United States") and Robert E. McCaslin, Jr. ("Relator") (hereinafter referred to as the "Parties"), through their undersigned attorneys, hereby stipulate to the dismissal with prejudice of the above-captioned action. The Parties and the Defendant, the Harris County Hospital District, have reached an agreement to settle this litigation and this Joint Stipulation of Dismissal is a condition of that Settlement Agreement, which is attached as Exhibit 1.

The Defendant has not been served and has not made an appearance in this action. The Relator's First Amended Complaint has previously been disclosed to the Defendant and its counsel, as authorized by this Court's orders dated August 15, 2006 and March 27, 2007, partially lifting the seal. The Defendant has consented to the voluntary dismissal of this action upon the terms stated in the Settlement Agreement.

Respectfully submitted,

DONALD J. DeGABRIELLE, JR.
United States Attorney

Andrew A. Bobb

ANDREW A. BOBB
Assistant United States Attorney
State Bar No. 02530350
910 Travis, Suite 1500
P.O. Box 61129
Houston, Texas 77208-1129

Telephone: 713-567-9766
Facsimile: 713-718-3303

ATTORNEYS IN CHARGE FOR THE
UNITED STATES OF AMERICA

KREINDLER & ASSOCIATES

/s/ Mitchell R. Kreindler
MITCHELL R. KREINDLER
TBA # 24033516
Kreindler & Associates
9219 Katy Freeway, Suite 206
Houston, Texas 77024-1514

Telephone: (713) 647-8888
Facsimile (713) 647-8889

ATTORNEY IN CHARGE FOR *QUI TAM*
RELATOR ROBERT E. McCASLIN, JR.

CERTIFICATE OF SERVICE

I hereby certify a true and correct copy of the foregoing document was served upon the below-listed Defendant's attorney, by certified mail, return receipt requested, on this 4th day of June, 2007:

Gary W. Eiland
Vinson & Elkins, LLP
First City Tower
1001 Fannin Str.
Suite 2500
Houston, Texas 77002

Andrew A. Bobb

Andrew A. Bobb
Assistant United States Attorney

SETTLEMENT AGREEMENT

I. PARTIES

This Settlement Agreement ("Agreement") is entered into among the following:

- (1) the United States of America, acting through the United States Department of Justice and on behalf of the Office of Inspector General of the United States Department of Health and Human Services ("OIG-HHS");
- (2) the Texas Attorney General's Office ("OAG") and the Texas Health and Human Services Commission ("HHSC"), collectively referred to herein as "Texas";
- (3) Robert E. McCaslin, Jr.; and
- (4) the Harris County Hospital District

(hereafter referred to as "the Parties"), through their authorized representatives.

In this Agreement: Robert E. McCaslin, Jr., is referred to as either "McCaslin" or "Relator"; and the Harris County Hospital District is referred to as "Defendant."

II. PREAMBLE

As a preamble to this Agreement, the Parties agree to the following:

A. The Defendant is a local political subdivision and special purpose district created by authority of the Texas Constitution with the purpose of providing "medical and hospital care to needy inhabitants of the county." The Defendant provides medical care through three hospitals, two specialty centers, twelve community health centers, and a series of school based clinics, mobile health clinics, and eligibility centers.

B. The Relator is a resident of Houston, Texas. He is employed by the Defendant as a Patient Account Representative in the Defendant's Patient Business Services Division. Relator has been employed by Defendant since April, 2001. Relator continues to be employed by Defendant.

C. Relator filed this *qui tam* Complaint on behalf of the United States and Texas on or about October 16, 2003. On or about April 26, 2004, Relator filed his First

EXHIBIT 1

Amended Complaint. In his lawsuit, Relator alleges that Defendant submitted false claims to the United States and Texas under the Medicare and Medicaid programs. Relator's lawsuit is captioned: *United States ex rel. Robert E. McCaslin, Jr. v. Harris County Hospital District*; No. H-03-4438 ("Civil Action"); and is pending in the United States District Court for the Southern District of Texas - Houston Division.

D. The United States contends that Defendant made false claims and false statements to the United States in connection with reimbursement claims that Defendant submitted to the United States under the Medicare program (Title XVIII of the Social Security Act, 42 U.S.C. § 1395 *et seq.*) and the Medicaid program (Title XIX of the Social Security Act, 42 U.S.C. § 1396 *et seq.*).

E. Texas contends that Defendant made false claims and false statements to Texas in connection with reimbursement claims that Defendant submitted to Texas under the Medicaid program (Title XIX of the Social Security Act, 42 U.S.C. § 1396 *et seq.*) in violation of the Texas Medicaid Fraud Prevention Act, Tex. Hum. Res. Code Ann. § 36.001 *et seq.*

F. The United States and Texas contend that from March 1, 2000 through February 28, 2006 (Defendant's FY 2000 through FY 2005), Defendant routinely submitted claims to the Medicare and Medicaid programs without using due diligence to seek out coverage primary to Medicare and Medicaid as required by each program's rules and regulations pertaining to coordination of benefits. The United States and Texas contend that the end result of this practice was that Medicare and Medicaid paid claims that should have been paid by other responsible third party insurers and not the Medicare and Medicaid programs. The United States and Texas also contend that from March 1, 1999 through February 28, 2005 (Defendant's FY 1999 through FY 2004), the Defendant improperly submitted claims to the Medicare program for providing both inpatient and outpatient medical care to individuals that were incarcerated by state and local authorities, and improperly billed Medicaid for providing outpatient medical care to individuals that were incarcerated by state and local authorities, each practice in violation of Medicare and Medicaid rules and regulations regarding the submission of claims for incarcerated

individuals. The conduct described in this Paragraph is hereinafter referred to as the "Covered Conduct."

G. Defendant denies the contentions of the United States, Texas and the Relator set out in Paragraphs C, D, E and F above. The United States, Texas and the Relator are not making any concessions by entering into this Agreement and believe that their claims are well founded.

H. To avoid the delay, uncertainty, inconvenience, and expense of protracted litigation of the above claims, the Parties have reached a full and final settlement pursuant to the Terms and Conditions set forth below.

III. TERMS AND CONDITIONS

1. Defendant agrees to pay to the United States and Texas \$14,950,000 (the "Settlement Amount"). Defendant has already paid to the United States and Texas \$499,126.97, for which Defendant has been credited. Defendant will now pay an additional \$14,950,000 to the United States and Texas. Defendant agrees to pay to Relator \$114,967.93 for Relator's expenses, attorneys' fees, and costs ("Relator's Attorneys' Fees"). The United States and Texas agree to pay \$2,780,842.85 of the Settlement Amount to the Relator ("Relator's Share"). The foregoing payments shall be made as follows:

a. Defendant agrees to pay the Settlement Amount to the United States and Texas by electronic funds transfer pursuant to written instructions to be provided to Defendant by the Financial Litigation Unit of the United States Attorney's Office for the Southern District of Texas within ten (10) business days of the later date of (i) the Effective Date of this Agreement, or (ii) receipt of the payment instructions from the Financial Litigation Unit of the United States Attorney's Office of the Southern District of Texas. Contingent upon the United States and Texas receiving the Settlement Amount from the Defendant, and as soon as feasible after receipt, the United States and Texas agree to pay Relator's Share to Relator by electronic funds transfer.

b. Defendant agrees to pay Relator's Attorneys' Fees in their entirety to Mitch Kreindler (Kreindler & Associates), counsel for the Relator, by electronic funds transfer, within ten (10) business days of the later date of (i) the Effective Date of this Agreement, or (ii) receipt of the written payment instructions from Mr. Kreindler.

2. Subject to the exceptions in Paragraph 6 below, in consideration of the obligations of Defendant in this Agreement, conditioned upon Defendant's full payment of the Settlement Amount, and subject to Paragraph 17 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), the United States (on behalf of itself, its officers, agents, agencies, and departments) releases Defendant from any civil or administrative monetary claim the United States has or may have for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Civil Monetary Penalties Law, 42 U.S.C. § 1320a-7a; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or common law theories of payment by mistake, unjust enrichment, or fraud for the Covered Conduct.

3. Subject to the exceptions in Paragraph 6 below, in consideration of the obligations of Defendant in this Agreement, conditioned upon Defendant's full payment of the Settlement Amount, and subject to Paragraph 17 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), Texas (on behalf of itself, its officers, agents, agencies, and departments) releases Defendant from any civil or administrative claim, monetary or otherwise, including, but not limited to, claims for suspension or revocation of Defendant's provider agreement, recovery of fees, expenses, or attorney's fees incurred by the Texas Attorney General or the HHSC in investigating the Civil Action, or other administrative remedies the State of Texas may have for the Covered Conduct under the Texas Medicaid Fraud Prevention Law, Tex. Hum. Res. Code Ann. § 36.001 *et seq.*; or common law theories of payment by mistake, unjust enrichment, fraud, or in equity, for the Covered Conduct.

4. Subject to the exceptions in Paragraph 6 below, in consideration of the obligations of Defendant in this Agreement, conditioned upon Defendant's full payment to the United States and Texas of the Settlement Amount, and subject to Paragraph 17 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, releases Defendant from any civil monetary claim the United States and/or Texas have or may have for the Covered Conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733 and the Texas Medicaid Fraud Prevention Law, Tex. Hum. Res. Code Ann. § 36.001 *et seq.* Conditioned upon Relator's receipt of Relator's Share and Relator's Attorneys' Fees, as described in Paragraphs 1(a) and 1(b), Relator, for himself and for his heirs, successors, attorneys, agents, and assigns, agrees to release the Defendant, its officers, agents, and employees, from any liability to Relator arising from the filing of the Civil Action, the Covered Conduct, or under 31 U.S.C. § 3730(d) for expenses, attorneys' fees and costs and all claims, demands, and causes of action of whatsoever nature, whether presently known or unknown, asserted or unasserted, accrued or unaccrued, whether in contract, in tort, pursuant to statute, or otherwise, for any injuries, personal injuries, bodily injuries, property damages, business damages, punitive damages, pre-judgment or post-judgment interest, expenses, court costs, attorneys' fees and costs, or any other damages, which Relator or his legal representatives, executors, administrators, successors, or assigns ever has had or now has against Defendant from any date up to and including the date of this Agreement. This release includes, but is not limited to, all claims arising from or during Relator's employment with Defendant up to and including the date of this Agreement or relating in any way to Civil Action.

5. In consideration of the obligations of Defendant in this Agreement and the Certification of Compliance Agreement ("CCA") entered into between OIG-HHS and Defendant, conditioned upon Defendant's full payment of the Settlement Amount, and subject to Paragraph 17, below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), the OIG-HHS

agrees to release and refrain from instituting, directing, or maintaining any administrative action seeking exclusion from Medicare, Medicaid, and other Federal health care programs (as defined in 42 U.S.C. § 1320a-7b(f)) against Defendant under 42 U.S.C. § 1320a-7a (Civil Monetary Penalties Law) or 42 U.S.C. § 1320a-7(b)(7) (permissive exclusion for fraud, kickbacks, and other prohibited activities) for the Covered Conduct, except as reserved in Paragraph 6 below, and as reserved in this Paragraph. The OIG-HHS expressly reserves all rights to comply with any statutory obligation to exclude Defendant from Medicare, Medicaid, and other Federal health care programs under 42 U.S.C. § 1320a-7(a) (mandatory exclusion) based upon the Covered Conduct. Nothing in this Paragraph precludes the OIG-HHS from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 6 below.

6. Notwithstanding any term of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement as to any entity or person (including Defendant and Relator) are the following claims of the United States and Texas:

- a. Any civil, criminal, or administrative liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in this Agreement, any administrative liability, including mandatory exclusion from Federal health care programs;
- d. Any liability to the United States and Texas (or their agencies) for any conduct other than the Covered Conduct;
- e. Any liability based upon such obligations as are created by this Agreement;
- f. Any liability for express or implied warranty claims or other claims for defective or deficient products or services, including quality of goods and services; and
- g. Any liability of individuals, including current or former directors, officers, employees, agents, or shareholders of Defendant.

7. Relator agrees and confirms that this Agreement is fair, adequate, and reasonable under all circumstances, pursuant to 31 U.S.C. § 3730(c)(2)(B) and, conditioned upon receipt of the Relator's Share, Relator, for himself individually, and for his heirs, successors, agents and assigns, fully and finally releases, waives, and forever discharges the United States and its officers, agents, and employees, from any claims arising from or relating to 31 U.S.C. § 3730; from any claims arising from the filing of the Civil Action; and from any other claims for a share of the Settlement Amount; and in full settlement of any claims Relator may have under this Agreement. This Agreement does not resolve or in any manner affect any claims the United States has or may have against the Relator arising under Title 26, U.S. Code (Internal Revenue Code), or any claims arising under this Agreement.

8. Defendant releases and forever discharges Relator from any and all claims, actions, causes of action, suits, debts dues, payments, demands, rights, damages, losses, expenses, costs, fees, accounts, accountings, obligations, arbitrations, judgments, executions, injunctions, awards, rights of contribution, indemnification and apportionment, attorneys' fees and any and all other liabilities of any nature or amount, whether presently known or unknown, asserted or unasserted, accrued or unaccrued, which Defendant ever had or now has against Relator from any date up to and including the date of this Agreement. This general release includes, but is not limited to, all claims arising from or during Relator's employment with Defendant or relating in any way to Relator's Civil Action.

9. Defendant waives and shall not assert any defenses Defendant may have to any criminal prosecution or administrative action relating to the Covered Conduct that may be based in whole or in part on a contention that, under the Double Jeopardy Clause in the Fifth Amendment of the Constitution, or under the Excessive Fines Clause in the Eighth Amendment of the Constitution, this Agreement bars a remedy sought in such criminal prosecution or administrative action. Nothing in this Paragraph or any other provision of this Agreement constitutes an agreement by the United States or Texas concerning the characterization of the

Settlement Amount for purposes of the Internal Revenue laws, Title 26 of the United States Code.

10. Defendant fully and finally releases the United States and Texas, their agencies, employees, servants, and agents from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) that Defendant has asserted, could have asserted, or may assert in the future against the United States and Texas, their agencies, employees, servants, and agents, related to the Covered Conduct and the United States' and Texas' investigation and prosecution thereof.

11. The Settlement Amount shall not be decreased as a result of the denial of claims for payment now being withheld from payment by any Medicare carrier or intermediary or other contractor or any state payer, related to the Covered Conduct; and Defendant agrees not to resubmit to any Medicare carrier or intermediary or any state payer any previously denied claims related to the Covered Conduct, and agrees not to appeal any such denials of claims.

12. Defendant agrees to the following:

a. Unallowable Costs Defined: that all costs (as defined in the Federal Acquisition Regulation, 48 C.F.R. § 31.205-47; and in Titles XVIII and XIX of the Social Security Act, 42 U.S.C. §§ 1395-1395hhh and 1396-1396v; and the regulations and official program directives promulgated thereunder) incurred by or on behalf of Defendant, its present or former officers, directors, employees, shareholders, and agents in connection with the following shall be "unallowable costs" on government contracts and under the Medicare Program, Medicaid Program, TRICARE Program, and Federal Employees Health Benefits Program (FEHBP):

- (1) the matters covered by this Agreement;
- (2) the United States' and Texas' audit(s) and civil and any criminal investigation(s) of the matters covered by this Agreement;
- (3) Defendant's investigation, defense, and corrective actions undertaken in response to the United States' and Texas's audit(s) and civil and any criminal

investigation(s) in connection with the matters covered by this Agreement (including attorneys' fees);

(4) the negotiation and performance of this Agreement;

(5) the payment Defendant makes to the United States and Texas pursuant to this Agreement and any payments that Defendant may make to Relator, including costs and attorneys' fees; and

(6) the negotiation of, and obligations undertaken pursuant to the CCA entered into between OIG-HHS and the Defendant to prepare and submit reports to the OIG-HHS, if required. However, nothing in this Paragraph 12.a(6) that may apply to the obligations undertaken pursuant to the CCA affects the status of costs that are not allowable based on any other authority applicable to Defendant. (All costs described or set forth in this Paragraph 12.a. are hereafter "unallowable costs.")

b. Future Treatment of Unallowable Costs: These unallowable costs shall be separately estimated, determined, and accounted for by Defendant and Defendant shall not charge such unallowable costs directly or indirectly to any contracts with the United States or any State Medicaid program, or seek payment for such unallowable costs through any cost report, cost statement, information statement, or payment request submitted by Defendant or any of its subsidiaries or affiliates to the Medicare, Medicaid, TRICARE, or FEHBP Programs.

c. Treatment of Unallowable Costs Previously Submitted for Payment: Defendant further agrees that within 90 days of the Effective Date of this Agreement, it shall identify to applicable Medicare and TRICARE fiscal intermediaries, carriers, and/or contractors, and Medicaid and FEHBP fiscal agents, any unallowable costs (as defined in and estimated and determined pursuant to this Paragraph) included in payments previously sought from the United States, or any State Medicaid program, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests already submitted by Defendant or any of its subsidiaries or affiliates, and shall request, and agree, that such cost reports, cost statements, information reports, or payment requests, even if already settled, be

adjusted to account for the effect of the inclusion of the unallowable costs. Defendant agrees that the United States, and/or Texas, at a minimum, shall be entitled to recoup from Defendant any overpayment plus applicable interest and penalties as a result of the inclusion of such unallowable costs on previously-submitted cost reports, information reports, cost statements, or requests for payment. Any payments due after the adjustments have been made shall be paid to the United States pursuant to the direction of the Department of Justice and/or the affected agencies. The United States and/or Texas each reserve their rights to disagree with any calculations submitted by Defendant or any of its subsidiaries or affiliates on the effect of inclusion of unallowable costs (as defined in this Paragraph) on Defendant or any of its subsidiaries or affiliates' cost reports, cost statements, or information reports.

d. Nothing in this Agreement shall constitute a waiver of the rights of the United States or Texas to audit, examine, or re-examine Defendant's books and records to determine that no unallowable costs have been claimed in accordance with the provisions of this Paragraph.

13. In consideration of the obligations of Defendant in this Agreement and conditioned upon Defendant's full payment of the Settlement Amount, and subject to Paragraph 17 below (concerning bankruptcy proceedings commenced within 91 days of the Effective Date of this Agreement or any payment made under this Agreement), the HHSC agrees to release and refrain from instituting, directing, or maintaining any administrative action against Defendant seeking exclusion from Medicaid under Chapter 32 of the Texas Human Resources Code and/or Chapter 531 of the Texas Government Code for the Covered Conduct, except as reserved in Paragraph 6, above, and as reserved in this Paragraph. The HHSC expressly reserves all rights to comply with any statutory obligations to exclude Defendant from Medicaid, under Chapter 32 and/or Chapter 36 of the Texas Human Resources Code and Chapter 531 of the Texas Government Code, based upon the Covered Conduct. Nothing in this Paragraph precludes the HHSC from taking action against entities or persons, or for conduct and practices, for which claims have been reserved in Paragraph 6 above.

14. This Agreement is intended to be for the benefit of the Parties only. The Parties do not release any claims against any other person or entity.

15. Defendant agrees to waive and not seek further payment for any of the health care billings covered by this Agreement from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as Covered Conduct.

16. Defendant warrants that it has reviewed its financial situation and that it is currently solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I), and that it shall remain solvent following payment of the Settlement Amount to the United States and Texas. Further, the Parties warrant that, in evaluating whether to execute this Agreement, they (a) have intended that the mutual promises, covenants, and obligations set forth constitute a contemporaneous exchange for new value given to Defendant, within the meaning of 11 U.S.C. § 547(c)(1); and (b) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. Further, the Parties warrant that the mutual promises, covenants, and obligations set forth herein are intended to and do, in fact, represent a reasonably equivalent exchange of value that is not intended to hinder, delay, or defraud any entity to which Defendant was or became indebted to on or after the date of this transfer, within the meaning of 11 U.S.C. § 548(a)(1).

17. If within 91 days of the Effective Date of this Agreement or of any payment made under this Agreement, Defendant commences, or a third party commences, any case, proceeding, or other action under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors (a) seeking to have any order for relief of Defendant's debts, or seeking to adjudicate Defendant as bankrupt or insolvent; or (b) seeking appointment of a receiver, trustee, custodian, or other similar official for Defendant or for all or any substantial part of Defendant's assets, Defendant agrees as follows:

a. Defendant's obligations under this Agreement may not be avoided pursuant to 11 U.S.C. § 547, and Defendant shall not argue or otherwise take the position in any

such case, proceeding, or action that: (i) Defendant's obligations under this Agreement may be avoided under 11 U.S.C. § 547; (ii) Defendant was insolvent at the time this Agreement was entered into, or became insolvent as a result of the payment made to the United States and Texas; or (iii) the mutual promises, covenants, and obligations set forth in this Agreement do not constitute a contemporaneous exchange for new value given to Defendant.

b. If Defendant's obligations under this Agreement are avoided for any reason, including, but not limited to, through the exercise of a trustee's avoidance powers under the Bankruptcy Code, the United States at its sole option, or Texas, at its sole option, may rescind the releases in this Agreement, and bring any civil and/or administrative claim, action, or proceeding against Defendant for the claims that would otherwise be covered by the releases provided in Paragraphs 2, 3 and 5 above. Defendant agrees that (i) any such claims, actions, or proceedings brought by the United States and Texas (including any proceedings for the mandatory exclusion of Defendant from participation in Medicare, Medicaid, or other Federal health care programs) are not subject to an "automatic stay" pursuant to 11 U.S.C. § 362(a) as a result of the action, case, or proceedings described in the first clause of this Paragraph, and Defendant shall not argue or otherwise contend that the United States' and Texas' claims, actions, or proceedings are subject to an automatic stay; (ii) Defendant shall not plead, argue, or otherwise raise any defenses under the theories of statute of limitations, laches, estoppel, or similar theories, to any such civil or administrative claims, actions, or proceeding that are brought by the United States or Texas within 30 calendar days of written notification to Defendant that the releases have been rescinded pursuant to this Paragraph, except to the extent such defenses were available on October 16, 2003 and (iii) the United States has a claim against Defendant, if pursued in litigation, would be in the amount of \$31,668,355.53 excluding penalties, and the United States or Texas may pursue their claims in the case, action, or proceeding referenced in the first clause of this Paragraph, as well as in any other case, action, or proceeding.

c. Defendant acknowledges that its agreements in this Paragraph are provided in exchange for valuable consideration provided in this Agreement.

18. The United States, Texas and Relator agree that after signing this Agreement and no later than twenty (20) days following the United States' receipt of the payments described in Paragraph 1(a) and Relator's receipt of the payment described in Paragraph 1(b), the United States and Texas shall file a notice of intervention in the Civil Action and contemporaneously therewith both the United States and the Relator shall sign and file in the Civil Action a Joint Stipulation of Dismissal with prejudice of the Civil Action pursuant to the terms of the Agreement. The United States and Texas shall provide the Defendant with a copy of the Court's order dismissing the Civil Action within ten (10) days after receipt of such order.

19. Except as expressly provided to the contrary in this Agreement, each Party shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

20. Defendant and Relator represent that this Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever.

21. This Agreement is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Agreement is the United States District Court for the Southern District of Texas except that disputes arising under the CCA shall be resolved exclusively under the dispute resolution provisions in the CCA.

22. This Agreement constitutes the complete agreement between the Parties. This Agreement may not be amended except by written consent of the Parties.

23. The individuals signing this Agreement on behalf of the Defendant represent and warrant that they are authorized by Defendant to execute this Agreement. The individual(s) signing this Agreement on behalf of Relator represent and warrant that he or she is authorized by Relator to execute this Agreement. The United States and Texas signatories represent that they

are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

24. This Agreement may be executed in counterparts, each of which constitutes an original and all of which constitute one and the same Agreement.

25. This Agreement is binding on Defendant, its successors, transferees, heirs, and assigns.

26. This Agreement is binding on Relator, his successors, transferees, heirs, and assigns.

27. All parties consent to the United States' and Texas' disclosure of this Agreement, and information about this Agreement, to the public.

28. This Agreement is effective on the date of signature of the last signatory to the Agreement ("Effective Date"). Facsimiles of signatures shall constitute acceptable, binding signatures for purposes of this Agreement.

THE UNITED STATES OF AMERICA

DONALD J. DEGABRIELLE, JR.
United States Attorney

DATED: 5-18-2007 BY: 21 D. M.

ANDREW A. BOBB
Assistant United States Attorney
Southern District of Texas

THE UNITED STATES OF AMERICA

DATED: 3/12/07

BY: As D. Dio

MICHAEL HERTZ

Director

DANIEL ANDERSON

Assistant Director

ARTHUR DI DIO

Trial Attorney

Civil Division

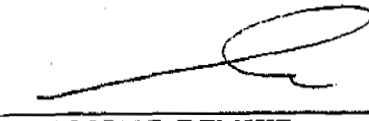
United States Department of Justice

THE UNITED STATES OF AMERICA

DATED:

4/26/07

BY:



GREGORY E. DEMSKE

Assistant Inspector General for Legal Affairs

Office of Counsel to the Inspector General

Office of Inspector General

United States Department of Health and Human Services

THE RELATOR

DATED: 2-26-07 BY: Robert E. McCaslin Jr.
ROBERT E. MCCASLIN, JR.
Relator

DATED: Mar. 9, 2007 BY: Mitchell R. Kreindler
MITCHELL R. KREINDLER
Kreindler & Associates
Attorney for Relator

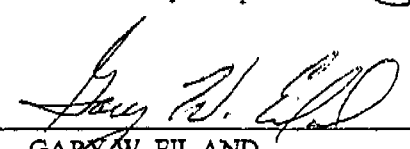
DATED: Feb 21, 2007 BY: Matthew B. Smith
MATTHEW B. SMITH
Phillips & Cohen LLP
Attorney for Relator

THE DEFENDANT

DATED: 4/25/07 BY: _____

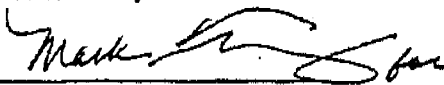

DAVID S. LOPEZ
President and Chief Executive Officer
Harris County Hospital District

DATED: 4-25-2007 BY: _____


GARY W. EILAND
Vinson & Elkins LLP
Attorney for Defendant Harris County Hospital District

THE STATE OF TEXAS

GREG ABBOTT
Texas Attorney General

DATED: 05/07/07 BY: 

PATRICK J. O'CONNELL
Chief, Civil Medicaid Fraud Section
Texas Attorney General's Office

DATED: 5-18-07 BY: 

ALBERT HAWKINS
Commissioner
Texas Health and Human Services Commission